

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:

WELLPATH HOLDINGS, INC., *et al.*,

Debtors.

Chapter 11

Case No. 24-90533 (ARP)

(Jointly Administered)

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF TENET
HEALTHCARE TO NOTICE OF POTENTIAL ASSUMPTION AND ASSIGNMENT OF
EXECUTORY CONTRACTS OR UNEXPIRED LEASES AND CURE AMOUNT
(DOCKET NO. 194)**

Tenet Health Central Coast Primary and Specialty Care, West Boca Medical Center, St. Mary's Medical Center, Inc., and Palm Beach Gardens Children's Hospital (together, "Tenet Healthcare"), by and through its undersigned counsel, Gibson Dunn & Crutcher LLP, file this limited objection and reservation of rights (the "Limited Objection") to the *Notice of Potential Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Amount* (the "Notice") [Docket No. 194].¹ In support of this Limited Objection, Tenet Healthcare respectfully states as follows:

BACKGROUND:

1. On November 11, 2024 (the "Petition Date"), Wellpath Holdings, Inc. and thirty-eight of its affiliated entities (collectively, the "Debtors") each filed voluntary petitions for relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Court"). The Debtors continue to operate their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Notice.

Bankruptcy Code.

I. Relationship Between Tenet Healthcare and Debtors

2. Prior to the Petition Date, the Debtors and Tenet Healthcare were party to at least five executory contracts and unexpired leases, including one real property lease at the St. Mary's Hospital campus in West Palm Beach, Florida (where the main hospital operations are owned and operated by Tenet Healthcare) (the "Lease")² and up to four ancillary contracts (together with the Lease, the "Contracts").

II. Bid Procedures, Sale of Debtors Assets, and Proposed Cure Amounts

3. On November 12, 2024, the Debtors filed the *Debtors' Emergency Motion for Entry of Orders (i)(A) Approving the Bidding Procedures for the Sale of the Debtors' Assets, (B) Approving Entry into a Stalking Horse Purchase Agreement for the Recovery Solutions Assets, (C) Authorizing the Recovery Solutions Expense Reimbursement, (D) Authorizing Potential Selection of Stalking Horse Bidders for the Corrections Assets and Approving Related Corrections Asset(s) Bid Protections, (E) Establishing Related Dates and Deadlines, (F) Approving the Form and Manner of Notice Thereof, and (G) Approving the Assumption and Assignment Procedures, (ii)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (iii) Granting Related Relief* (the "Bid Procedures Motion") [Docket No. 21].

4. On November 19, 2024, the Court entered an order approving the Bid Procedures Motion (the "Bid Procedures Order") [Docket No. 111]. Pursuant to the Bid Procedures Order, on

² The Lease corresponds to Reference Nos. 12023 and 12024 in the Notice. Other Reference Nos. may also refer to the Lease, but Tenet Healthcare is unable to make that determination at this time.

November 27, 2024, the Debtors filed the Notice, which sets forth the proposed cure amounts in connection with the potential assumption and assignment of certain unexpired leases and executory contracts to the successful bidder(s) for the Debtors' assets.

5. With respect to Tenet Healthcare, the Notice proposed the cure amounts as follows:

Reference No.	Entity	Proposed Cure
#9700	Palm Beach Gardens Medical Center	\$0.00
#12023	St. Mary's Medical Center, Inc.	\$29,694.43
#12024	St. Mary's Medical Center, Inc.	\$0.00
#12397	Tenet Health Central Coast Primary and Specialty Care	\$548.86
#13768	West Boca Medical Center	\$0.00

6. After the Debtors filed the Notice, Tenet Healthcare entered into discussions with the Debtors regarding the proposed cure amounts. From those discussions, the parties appear to have agreed in principle that the correct amount due and owing under the Lease as of the date hereof is an amount not less than \$43,330.67, with the amounts arising pre-petition and post-petition and currently due and payable still subject to further review and evaluation by Tenet Healthcare. Tenet Healthcare does not agree with the amounts for the Contracts other than the Lease and requires further information to arrive at agreed cure amounts with respect to such other Contracts.

7. Nevertheless, subject to the Debtors' amending the proposed Notice to reflect agreed cure amounts for the Contracts, Tenet Healthcare submits this Limited Objection as follows:

LIMITED OBJECTION

8. Section 365 of the Bankruptcy Code generally permits a debtor to assume executory

contracts and leases at the debtor's discretion. But, to do so, the debtor must:

(1) cure or provide adequate assurance that it will promptly cure all monetary and most non-monetary defaults, (2) compensate, or provide adequate assurance that it will promptly compensate, the non-debtor party to the lease for any actual pecuniary losses related to the default, and (3) provide adequate assurance of future performance under the lease.

See In re Senior Care Ctrs., 607 B.R. 580, 588 (Bankr. N.D. Tex. 2019).

9. Tenet Healthcare objects to the proposed assumption of the Contracts because the proposed cure amounts in the Notice do not capture all pre-petition and post-petition amounts due and owing under the Contracts as of the date hereof. The correct amount due and owing under the Lease as of the date hereof is an amount not less than \$43,330.67, which includes certain post-petition amounts, including \$7,342.59 due for December rent under the Lease. Other potential amounts due under the Lease may include maintenance obligations and other non-rent obligations as well as other amounts that may be due from time to time thereunder in the ordinary course or otherwise, and there may be additional amounts outstanding under the other Contracts that are not reflected in the Notice.

10. Moreover, the limited details supplied in the Notice regarding each of the Contracts is insufficient to determine the status of, and outstanding balance under, each of the Contracts. Tenet Healthcare continues to work with the Debtors to obtain additional information with respect to the Contracts and to resolve the ultimate cure amounts due under each of the Contracts.

11. Tenet Healthcare reserves the right to further amend this Limited Objection for any reason, including, without limitation, with respect to (i) any and all amounts due and owing, and (ii) non-monetary defaults; under the Contracts, and any other lease, contract, or obligation of any kind to which Tenet Healthcare or any of its affiliates is a counterparty that the Debtors seek to assume.

RESERVATION OF RIGHTS

12. Tenet Healthcare expressly reserves all of their rights to supplement, modify, or amend this Limited Objection and make further objections to the Notice or any assumption and assignment of any contract or lease between the Debtors and Tenet Healthcare. Nothing set forth herein shall constitute a waiver, release, discharge, or disallowance of any right, claim, cause of action, and defense that Tenet Healthcare has or may assert. Tenet Healthcare expressly reserves the right to seek allowance and payment of an administrative expense priority claim with respect to any amounts that are due and owing to Tenet Healthcare from the Debtors from and after the Petition Date.

CONCLUSION

Tenet Healthcare respectfully requests that this Court enter an order (i) sustaining this Limited Objection; (ii) modifying any proposed order to include the correct cure amounts with respect to the Contracts; and (iii) granting any further or other relief this Court may deem just and proper.

Dated: December 11, 2024

Respectfully submitted,

/s/ Michael A. Rosenthal
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CERTIFICATE OF SERVICE

I hereby certify that on December 11, 2024, a true and correct copy of the foregoing Limited Objection and Reservation of Rights of Tenet Healthcare to Notice of Potential Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Amount (re Docket No. 194) was sent via ECF noticing to all of the parties authorized to receive notice through the Court's electronic filing system.

/s/ Michael A. Rosenthal

Michael A. Rosenthal